FIELD INTELLIGENCE

Issue 001 Monday, August 17, 2026 · Biweekly, 4 pages

Commercial & Facilities

Fire Protection · Paving · Facilities Services · Security Systems · Elevator · Venue & Catering

Six trades, one publication. Every item is something that moves a number on your P&L, changes what you must do by law, or changes what parts and labor cost you.

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SUPPLY · EVERY TRADE IN THIS ISSUE

Construction input prices were flat in July 2026 but 7.4% above a year ago, with steel mill products up 22.5% and diesel up over 50 cents a gallon.

Construction input prices barely moved in July 2026, up just 0.1% for the month, but ABC's reading of BLS producer-price data put the year-over-year increase at 7.4% overall and 7.2% for nonresidential inputs. ABC chief economist Anirban Basu said materials prices "remained up more than 7%" year over year in July and flagged diesel fuel "surged more than $.50 per gallon" even as crude petroleum fell 11.9% for the month. The flat headline hides metals categories that moved sharply — exactly the inputs behind pipe, wire, cabinets, cages, cars and ductwork across every trade in this issue.

Engineering News-Record's own read of the same BLS release, published August 13, 2026, put steel mill products up 3.9% for the month and 22.5% year over year, iron and steel up 2.4% monthly and 17.6% annually, and copper wire and cable up 0.2% monthly but still 17.9% above July 2025. Natural gas accelerated 10.4% for the month even as crude petroleum and other unprocessed energy materials fell. AGC chief economist Ken Simonson separately warned firms are "being hit with outsized cost increases for a host of materials and also labor," squeezing margin on fixed-price work faster than a headline index suggests.

The policy driver behind the metals moves kept shifting through the summer. Proclamation 11032, signed June 1, 2026 and effective 12:01 a.m. EDT June 8, 2026, lowered the domestic-content threshold for the lowest tariff tier from 95% to 85%, added aluminum lithographic plates and steel racks to covered derivative products, and moved "agricultural equipment and certain HVAC systems and components that are predominately for residential use" into the temporarily-reduced 15% tier rather than the 25% default. Each change resets what a supplier can legally claim — and that sets the price a contractor pays.

None of this is happening against a backdrop of strong demand. ABC's own Construction Backlog Indicator fell to 8.0 months in July 2026, the lowest reading since January, down 0.8 months both month over month and year over year; Basu said backlog "fell sharply in July" and that weakness is broad outside data-center work, where non-data-center contractors averaged 7.5 months of backlog against 11.4 months for firms with data-center exposure. Rising material costs and softening backlog together mean less room to pass costs through and less room to absorb them — a genuine margin squeeze, not just a pricing headline.

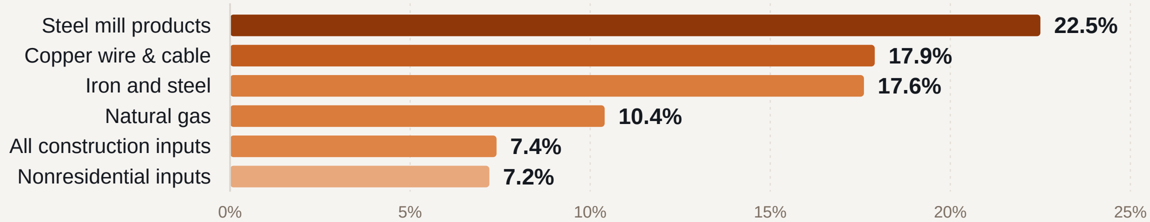
> **What to do about it:** Pull every open bid and every fixed-price service contract that specifies steel pipe, copper wire, aluminum stock or diesel-heavy hauling, and reprice anything not yet locked using this week's supplier quotes rather than a number from spring. Ask metal and cable suppliers directly whether their product now qualifies for the 15% or 10% tariff tier under Proclamation 11032's 85% domestic-content rule, and get the answer in writing, since it changes the number they can legally charge you. Shorten bid validity windows to 14–30 days on anything with significant metal or fuel content, and put a written material-and-fuel escalation clause into any new multi-year service agreement. Because backlog is falling at the same time costs are rising, do not assume you can simply defer purchasing until demand looks better — flat-to-falling backlog is exactly when a supplier is least willing to hold a price.

Construction costs rose 7.4% annually in July (Construction Dive, August 14, 2026) · Construction Materials Prices Climb Slightly in July (Engineering News-Record, August 13, 2026) · Proclamation 11032, Further Adjusting the Tariff Regimes for Imports of Aluminum, Steel, and Copper Into the United States (Federal Register, June 4, 2026)

INFOGRAPHIC 1 / MATERIALS COSTS

Metals are running far hotter than the headline construction-cost number

Year-over-year percent change by category, Producer Price Index data for July 2026 as analyzed by ABC and ENR, released August 13-14, 2026



The overall index moved just 0.1% in July, hiding very different stories. Steel mill products are up 22.5% year over year and copper wire and cable 17.9% — the categories pricing sprinkler pipe, fire-alarm wiring, camera cabling and elevator components. Broader categories sit well below the metals — proof a broad-index bid understates metal-heavy scopes. Source: Construction Materials Prices Climb Slightly in July, Engineering News-Record, August 13, 2026

FIRE PROTECTION

TWO ITEMS

REGULATION

NFPA 72's current edition raises fire-alarm testing frequency and cuts the impairment-notification window from 24 hours to 8, with California adopting it January 1, 2026

Why it matters: NFPA 72's 2025 edition became federally effective September 18, 2024, with states and localities adopting on a one-to-three-year timeline and California moving as early as January 1, 2026. The edition raises testing on control-valve supervisory and waterflow alarm devices from annual to semiannual, cuts the impairment-notification window to the authority having jurisdiction from 24 hours to 8, and caps standard smoke-detector spacing at a 40-foot ceiling height, above which a performance-based design is required. A service contract priced on the old testing cadence under-bills once a jurisdiction adopts the new edition. Confirm with your local fire marshal which edition is enforced, and if it's the 2025 edition, reprice inspection contracts for the added visits and rebuild impairment-response procedures around an 8-hour clock instead of 24.

NFPA 72 Changes for 2026: What Fire Contractors Need to Know (Essential, August 11, 2026)

SUPPLY

Steel mill products are 22.5% dearer than a year ago and copper wire and cable 17.9%, straight into sprinkler pipe, valves and alarm wiring

Why it matters: Fire sprinkler pipe, hangers, fittings, valve bodies and standpipe are steel, and fire alarm circuits run on copper, so July 2026's producer-price move — steel mill products up 22.5% year over year (3.9% for the month alone), copper wire and cable up 17.9% year over year — lands directly on the material line of every install, retrofit and inspection-driven repair. AGC's Ken Simonson says tariffs on aluminum, steel and copper are the primary driver, so this won't reliably unwind. Contractors carrying open material allowances on tenant-improvement or new-construction bids are most exposed; those on time-and-material agreements with pass-through clauses are largely protected. Shorten bid validity to 14–30 days on anything with meaningful pipe or wire content, get supplier quotes with matching expiry dates, and stop carrying open-ended material pricing on fixed-price proposals this quarter.

Construction Materials Prices Climb Slightly in July (Engineering News-Record, August 13, 2026) · ABC: Construction Materials Prices Flat in July, Up 7.4% From a Year Ago (HVAC/P, August 13, 2026)

PAVING

TWO ITEMS

SUPPLY

Missouri's posted asphalt cement price climbed from $486.25 in January to $605.00 in June and July, a 24.4% jump inside seven months

Why it matters: Missouri's monthly asphalt price index went from $486.25 in January 2026 to $481.25 in February, then jumped to $497.50 in March, $585.00 in April and May, and $605.00 in both June and July — a 24.4% rise from January to July and a 17.6% jump between March and April alone. State DOT contracts with an asphalt cement price adjustment clause pass this through automatically; fixed-price private paving, driveway and parking-lot work absorbs the full move. MoDOT's posting doesn't state a unit (per ton or otherwise), so treat it as a percentage-move indicator rather than a number to plug directly into a bid. Reprice any outstanding private quote written before April, and put a written asphalt-index escalation clause, tied to your state DOT's published monthly number, into every new agreement.

Asphalt Price Index (Missouri Department of Transportation)

DEMAND

ABC's Construction Backlog Indicator fell to 8.0 months in July 2026, the lowest since January, with non-data-center contractors averaging just 7.5 months

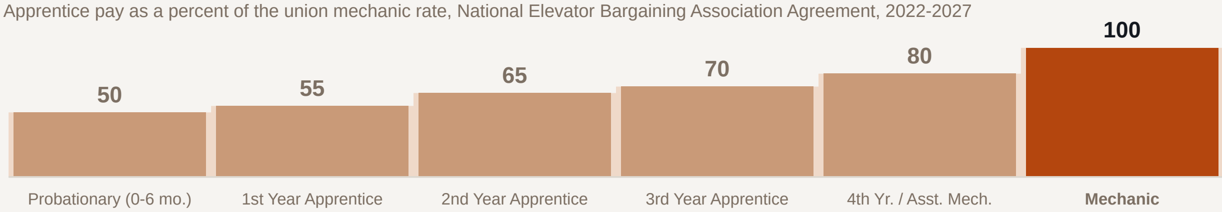
Why it matters: ABC reported August 12, 2026 that its Construction Backlog Indicator dropped to 8.0 months in July, down 0.8 months from both June and July 2025; chief economist Anirban Basu said backlog "fell sharply in July" to its lowest since January. Data-center work is propping up the reading: contractors with data-center exposure (about 12% of ABC's membership) reported 11.4 months of backlog, while the other 88% averaged just 7.5 months, and mid-size firms in the $30–50 million revenue range hit their lowest backlog since March 2020. Paving and civil contractors sit almost entirely in the non-data-center pool, so 7.5 months, not the blended 8.0-month headline, is the relevant planning number. Build fall and winter crew schedules around the thinner backlog, and push harder on private repaving and sealcoat work that doesn't depend on data centers.

ABC's Construction Backlog Indicator Decreases in July (Residential Contractor, August 12, 2026)

INFOGRAPHIC 2 / ELEVATOR WAGE LADDER

Elevator apprentices climb a fixed percentage ladder to the mechanic rate, and the whole ladder moved up 3.45% on January 1, 2026

Apprentice pay as a percent of the union mechanic rate, National Elevator Bargaining Association Agreement, 2022-2027



Every rung on this ladder is defined as a percentage of the mechanic's own rate, so the January 1, 2026 increase — 3.45% gross, with $0.85 an hour credited to fringe funds — raised pay at every step at once, not just at the top. A four-year apprentice or assistant mechanic earns 80% of whatever the mechanic rate is this year; budget modernization and service labor against the current mechanic rate, not last year's. Source: 2022-2027 National Elevator Bargaining Association Agreement, International Union of Elevator Constructors

FACILITIES SERVICES

TWO ITEMS

SUPPLY

A June 8, 2026 tariff proclamation moved residential-use HVAC systems to a 15% duty tier and loosened the domestic-content test from 95% to 85%

Why it matters: Proclamation 11032, effective 12:01 a.m. EDT June 8, 2026, added "agricultural equipment and certain heating, ventilation, and air conditioning (HVAC) systems and components that are predominately for residential use" to the temporarily-reduced 15% tariff tier rather than the 25% default that otherwise applies to steel and aluminum derivative articles, and lowered the domestic-content threshold from 95% to 85%. Facilities managers buying residential-grade split systems and package units for small commercial spaces may now see a lower duty than budgeted; commercial-grade equipment stays on the higher tier. Ask your HVAC distributor for the specific tariff classification and country of origin on every unit quoted this quarter, in writing — "residential use" versus "commercial" is now a real price difference, not a marketing label.

Federal Register: Further Adjusting the Tariff Regimes for Imports of Aluminum, Steel, and Copper Into the United States (June 4, 2026)

INSURANCE

Commercial property insurance fell 8.1% in the second quarter of 2026, a fifth straight quarterly decline, while general liability rose 4.5%

Why it matters: Business Insurance reported July 29, 2026 that commercial property pricing fell 8.1% in the second quarter, an acceleration from a 7.1% first-quarter drop and the fifth straight quarterly softening since pricing peaked near 20% in early 2023, driven by "abundant capacity and improving reinsurance conditions" — global property catastrophe reinsurance pricing fell roughly 16% at mid-year. General liability moved the other way, up 4.5% in the quarter. Building owners with property-heavy coverage have real leverage at renewal now; anyone leaning on general liability, including umbrella coverage over janitorial, landscaping or security subcontractors, should expect the harder market to continue. Start property renewals 90–120 days out and have the broker market the placement rather than roll it, treating liability limits as the line to defend, not cut.

Commercial property insurance rates drop further: Baldwin (Business Insurance, July 29, 2026)

SECURITY SYSTEMS

TWO ITEMS

LABOR

DC's security officer minimum wage rose to $20.31 an hour plus $5.55 in fringe benefits on July 1, 2026, up from $19.39 and $5.36

Why it matters: DC's Department of Employment Services set the security officer minimum wage at $20.31 an hour plus a $5.55 hourly health-and-welfare fringe for July 1, 2026 through June 30, 2027, up from $19.39 and $5.36 the prior year; the rate moves automatically each year with the federal Guard 1 Service Contract Act rate the Secretary of Labor publishes around September 1. Base pay and fringe together rose $1.11 an hour — roughly $2,309 more per full-time guard per year before payroll taxes on a 2,080-hour schedule. Every guarding, patrol and access-control contract priced in the District needs that math run against current headcount this month, and multi-year contracts should be checked for a wage-floor pass-through rather than absorbing another increase. Confirm the current wage notice is posted at every site.

July 2026-June 2027 Security Guard Minimum Rate Notice (DC Department of Employment Services) · July 2026-June 2027 Security Guard Minimum Rate Notice (DC Department of Employment Services, publication page)

REGULATION

The FCC proposed banning imports of foreign military-grade drones with thermal or LiDAR sensors on August 3, 2026, comments due September 2

Why it matters: The FCC's Public Safety and Homeland Security Bureau published a notice August 3, 2026 (PS Docket No. 26-189) proposing to ban import and marketing of foreign-produced, military-grade drones and critical components — units of 55 pounds or more that disperse hazardous materials or carry thermal-imaging, LiDAR, docking-station or swarming capability. Comments are due September 2, 2026, with a proposed effective date 180 days after publication. Non-military-grade drones, domestic equipment, and anything on the Defense Contract Management Agency's Blue UAS Cleared List are excluded. This hits integrators using thermal-imaging or LiDAR drones for perimeter surveillance or patrol on covered platforms; standard cameras and access control are untouched. Ask your drone supplier now whether any patrol or thermal-inspection unit is military-grade and foreign-produced, and track comments before September 2 if the ban would strand equipment already bought.

Seeking Comment on Prohibiting the Importation and Marketing of Certain Foreign-Produced Military-Grade Uncrewed Aircraft Systems (Federal Register, August 3, 2026)

ELEVATOR

TWO ITEMS

LABOR

Union elevator mechanic pay rose 3.45% on January 1, 2026 under the national IUEC agreement, with the fringe-fund target climbing to $40.885 an hour

Why it matters: The 2022–2027 National Elevator Bargaining Association agreement between the IUEC and the major elevator companies set a 3.45% gross wage-package increase effective January 1, 2026 — the fourth of five annual steps ranging from 3.45% to 3.50% — with $0.85 an hour credited to fringe funds and the target fringe level rising to $40.885 an hour, up from $38.335 on January 1, 2023. Apprentices move up a fixed percentage of the mechanic rate — 50% during the six-month probationary period, 55% year one, 65% year two, 70% year three and 80% year four — so the January increase raised every rung at once, not just top pay. Any quote built on 2025 labor rates is under-costed; pull current local wage-and-fringe sheets from your IUEC local before the next bid, and confirm subcontractor mechanics are paid to the current schedule.

2022-2027 National Elevator Bargaining Association Agreement (International Union of Elevator Constructors)

REGULATION

Forty-one jurisdictions have now adopted the ASME A17.1-2019 elevator code, and its door-locking-monitor retrofit is not grandfathered for existing units

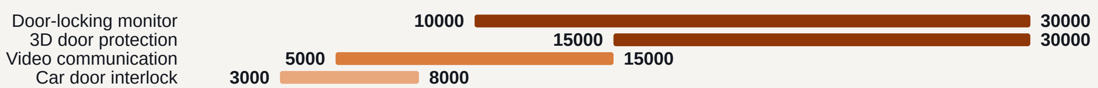
Why it matters: Forty-one jurisdictions have adopted ASME A17.1-2019, and unlike most code triggers, its door-locking-monitor (DLM) requirement applies to existing elevators on a state-set deadline, not just at modernization, with some states phasing compliance through 2027. Per-elevator estimates: $10,000–$30,000 for the DLM upgrade, $15,000–$30,000 for 3D door-protection sensors at modernization or controller replacement, $5,000–$15,000 for video communication on elevators with 60+ feet of rise, and $3,000–$8,000 for a car-door-interlock upgrade; one four-elevator high-rise saw $128,000 in add-ons on a $600,000 base quote, a 21% increase. Older-code jurisdictions aren't yet exposed to the DLM deadline, but that gap is closing. Pull the code edition your state elevator authority enforces, check whether DLM applies to existing units on a fixed date, and price add-ons into any 2026-2027 modernization budget rather than as a later change order.

Elevator Code Changes 2024-2026 (Elevator Blueprint, updated June 2, 2026)

INFOGRAPHIC 3 / ELEVATOR RETROFIT COSTS

Four ASME 2019-code requirements can add six figures to a modernization job

Estimated cost per elevator, low to high, for compliance items under ASME A17.1-2019 as adopted in 41 jurisdictions



The door-locking monitor is the one to watch: unlike the other three, it isn't grandfathered for elevators already in service, with states setting compliance deadlines for existing units, some phasing through 2027. One four-elevator building saw all four add-ons total $128,000 on a $600,000 base quote — a 21% increase nobody bid for. This dataset has only four line items; treat it as illustrative, not complete. Source: Elevator Code Changes 2024-2026, Elevator Blueprint, updated June 2, 2026

VENUE & CATERING

TWO ITEMS

INSURANCE

Workers' comp claim severity rose 4% in 2025 even as frequency fell 2%, and the industry combined ratio climbed to 91% from 86%, NCCI reports

Why it matters: NCCI's 2026 State of the Line report, published May 18, 2026, found private-carrier workers' comp net written premium down 0.2% to $41.6 billion in 2025, a combined ratio of 91% (up from 86% in 2024, a twelfth straight profitable year), lost-time claim frequency down 2%, and claim severity up 4% because injured workers are "receiving more care or more complex treatment." Construction, 27% of NCCI's premium volume, saw frequency fall 7% between 2023 and 2024 but severity jump 13% — the same fewer-but-costlier pattern hitting catering and venue staff doing physical setup, breakdown and kitchen work. Industry-wide reserve redundancy fell to $14 billion from $16 billion, signaling less generous future rate relief despite profitable ratios. Ask your carrier this renewal whether your experience-modification factor reflects rising severity, not just falling frequency, before calling a flat renewal good news.

NCCI Publishes 2026 State of the Line Report (Healthesystems, May 18, 2026)

MONEY

South Carolina licensees who put every alcohol server through approved training can cut required liquor liability coverage by $100,000 a year, effective January 2026

Why it matters: South Carolina's Department of Revenue confirmed that businesses where every alcohol-serving employee has completed an SCDOR-approved training program can apply mitigation factors to cut required liquor liability coverage by $100,000 annually, available from January 1, 2026 under the state's overhauled liquor liability law. The reduction isn't automatic — a licensee must apply and document that every server, not just most, is trained. This is South Carolina-specific but illustrates a broader pattern: insurers and regulators are pricing documented server training directly into required liquor liability limits. Venue and catering operators elsewhere should ask their liquor liability carrier this renewal whether documented training for every alcohol-serving employee can lower required coverage or premium, and if not today, what would change that.

ABL Updates - How H.3430 Impacts Your Business (South Carolina Department of Revenue)

THE BACKGROUND SIGNAL

The fraud that reads your invoices before it sends one

The FBI's Internet Crime Complaint Center took 24,768 business email compromise reports in 2025, with losses of $3.05 billion — a record, after dipping to $2.77 billion in 2024 from $2.95 billion in 2023. Across all internet crime it logged 1,008,597 complaints and $20.88 billion in losses. Reported cases only, so read it as a floor.

Business email compromise, not ransomware, is the one that should concern a mechanical contractor. Someone gets into a mailbox, reads until they understand how you invoice and who pays you, then sends a real-looking progress billing with different bank details. No malware, no warning — just a payment that never arrives and an argument about who eats it. A trade that emails quotes, change orders and supplier invoices all day is the shape this is built for. The quieter number is adoption: under 20% of firms with fewer than 20 staff use AI at all.

> **What to do about it:** You don't need a security program. You need multi-factor authentication on email and your accounting login, and one rule everybody follows: nobody changes bank details on the strength of an email or a call — you ring the number you already had on file and confirm. That covers most of it, and costs nothing. The part it doesn't — how the systems are set up — is the day job of our parent company, CyberSainya.

FBI Internet Crime Complaint Center, 2025 Internet Crime Report — reported cases only, rounded from $2,946,830,270, $2,770,151,146 and $3,046,598,558. U.S. Census Bureau, Business Trends and Outlook Survey, May 3, 2026.